
October 12, 2010

**CARE ASSIGNS 'CARE BB+' AND 'PR4' RATINGS TO BANK FACILITIES OF
N.J. TEXTILE INDUSTRIES PVT. LTD.**

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	22.35	'CARE BB+' (Double B Plus)	Assigned
Short-term Bank Facilities	0.41	'PR4' (PR Four)	
Total Facilities	22.76		

Rating Rationale

The ratings are constrained by NJTIPL's short track record of operations, low and fluctuating profitability margins, small net worth base and leveraged capital structure arising from debt-funded capacity expansion. The ratings are further constrained by highly fragmented nature of the industry and the company's limited presence in the textile value chain.

The ratings take cognizance of the experience of the promoters of NJTIPL in the industry, increasing level of operations and well-established marketing and distribution setup. It further derives strength from long-standing relationship with its suppliers and customers. NJTIPL's ability to improve its profitability, improvement in capital structure and any future capex and its funding profile are the key rating sensitivities.

Company Profile

N.J. Textiles Industries Pvt. Ltd. (NJTIPL), incorporated in November 2006, is a private limited company promoted by the Surat-based N. J. group. NJTIPL is engaged in the manufacturing of texturised yarn from partially oriented yarn used in the manufacturing of fabrics of dress material/sarees. It has an installed capacity of 17,521 MTPA (*Metric Tonnes per Annum*) at its facility at Surat.

¹Complete definitions of the ratings assigned are available at www.careratings.com in other CARE publications.



Press Release

During FY09 (Audited), NJTIPL had a total income of Rs.77.67 crore with PBILDT and PAT of Rs.5.37 crore and Rs.0.86 crore respectively.

During FY10 (Provisional) NJTIPL had a total income of Rs.113.95 crore with PBILDT and PAT of Rs.6.51 crore and Rs.1.95 crore respectively.

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Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

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